

SoCap10: International Development Track
Fort Mason, San Francisco
October 4 - 6, 2010

Panel Topic: Where the Action Is: The Fastest Growing Industries & Markets

Purpose: The fastest growing economies in the world are developing countries. Most of the fastest growing cities, and the fastest growing markets for industrial products, are in those countries. Developing countries are prominent in both supply and demand. China and India were low-cost outsourcers, but now are on the upper level of the developing world. Countries such as Kenya and Ghana have a growing middle class. The West is less relevant than before, as other countries have become wealthier and more technologically advanced than in the past.

Design/methodology/approach: Reports and expert opinions from panelists

Panelists:

Shashi Buluswar, Dalberg,
Dan Crisafulli, Skoll Foundation,
Lisa Carpenter, Gap,
Stuart Davidson, Labrador Ventures,
Keely Stevenson, Bamboo Finance

Summary: Impact markets are uncertain, with uncontrollable wild cards and unknown risks. A systems approach will be necessary. Which companies will today's companies interact with? Local systems and distribution channels and inputs must be engaged, such as irrigation and seeds in the case of food production.

The Gap contracts with suppliers in foreign countries to manufacture apparel, and has owned-and-operated franchisees in twenty countries. Often, factories lack capital, and The Gap uses cash to help its suppliers. The challenge will be to build lasting business relationships, which may tend to be transitory. A lack of visibility on the supply side may hamper the ability of a company to get its products out, and investment money in.

Telecommunications, energy, food and clothing are major industries for the developing world, and all have seen rapid changes. Conflict, corruption and infrastructure limitations will affect growth and productivity. More public/private partnerships will be common. Microfranchising is a growing business model.

Government generally is not a reliable development partner, and where there's major government failure, the cure will need to be long term. One panelist said that the goal is to keep government from interfering in development projects. Another panelist said that India is succeeding despite an inefficient government, with some positive public/private partnerships, and innovations being used as models for other places.

In China, the government is involved in virtually every project. China is progressive in solar and wind and other forms of energy and technology, and benefits from a strong infrastructure. In Africa in particular, the mobile market is a platform for other industries.

It is difficult to select particular actions to follow, since geography and different markets will affect success. Grants and investments may go to different projects or the same project at different times. Grant money is typically focused on education and capacity building, while investments are used for working capital. Some investors act as guarantors of a loan, or to assure the safety of an investment.

Keywords: Developing countries, impact markets, China, India, microfranchising

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